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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended MARCH 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-3003

CNL FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

| GEORGIA | 58-0900608 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| 2960 RIVERSIDE DRIVE, MACON, GEORGIA | 31204 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

(912) 477-0400
(Registrant's telephone number, including area code)

(Former name, address and fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) had filed all reports required to be mailed by Section 13 or 15(d) of The Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate the number shares outstanding of each of the issuer's classes of common stock, as of the latest praticable date.

| CLASS | Outstanding at MAY 06, 1992 |
|---|---|
| Common Stock, $1.00 Par Value | 1,898,278 |

CNL FINANCIAL CORPORATION AND SUBSIDIARIES

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ITEM 1. FINANCIAL INFORMATION

CNL FINANCIAL CORPORATION AND SUBSIDIARIES
Consolidated Condensed Balance Sheets

ASSETS

| | MARCH 31, 1992 | DECEMBER 31, 1991* |
|---|---|---|
| Investments: | (Unaudited) | |
| Fixed maturities | $ 9,000,889 | $ 8,430,261 |
| Equity securities | 1,282,160 | 1,934,494 |
| Short-term investments | 8,726,511 | 8,308,762 |
| Other invested assets | 4,049,091 | 3,732,100 |
| Total investments | $ 23,058,651 | $ 22,405,617 |
| Cash | 1,926,678 | 2,023,644 |
| Accrued investment income | 292,130 | 332,783 |
| Receivables, principally uncollected premiums | 3,659,644 | 3,700,451 |
| Income tax receivable | 103,903 | 86,277 |
| Deferred policy acquisition costs | 13,089,798 | 13,196,490 |
| Net property and equipment | 3,959,719 | 3,858,306 |
| Other assets | 338,888 | 259,284 |
| | $ 23,370,760 | $ 23,457,235 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|---|---|
| Policy liabilities and accruals: | | |
| Future policy benefits | $ 1,583,369 | $ 1,589,460 |
| Unearned premiums | 27,178,869 | 27,108,502 |
| Life and accident & health claims | 2,707,021 | 2,620,816 |
| Property & casualty loss & loss expenses | 612,225 | 574,272 |
| Total policy liabilities and accruals | $ 32,081,484 | $ 31,893,050 |
| Other policyholders' funds | 240,330 | 241,604 |
| Deferred federal income taxes | 765,781 | 763,611 |
| Other liabilities | 2,599,500 | 1,905,637 |
| Total liabilities | $ 35,687,095 | $ 34,803,902 |
| Stockholders' equity: | | |
| Common stock | $ 2,553,519 | $ 2,553,519 |
| Additional paid-in capital | 505,474 | 505,474 |
| Unrealized (depreciation)/appreciation of equity securities | 73,487 | 257,753 |
| Retained earnings | 10,124,264 | 10,256,812 |
| | $ 13,256,744 | $ 13,573,558 |
| Less cost of treasury stock | (2,514,428) | (2,514,608) |
| Total stockholders' equity | $ 10,742,316 | $ 11,058,950 |
| | $ 46,429,411 | $ 45,862,852 |

*Condensed from Consolidated Balance Sheet included in the 1991 Annual Report to Stockholders.

See accompanying note to Consolidated Condensed Financial Statements.

CNL FINANCIAL CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Earnings
(Unaudited)

| | THREE MONTHS ENDED MARCH 31, | |
|---|---|---|
| | 1992 | 1991 |
| Income: | | |
| Life and accident & health earned premiums | $ 4,417,231 | $ 4,363,831 |
| Property & casualty earned premiums | 1,583,151 | 1,073,100 |
| Net investment income | 331,106 | 393,963 |
| Other income | 163,809 | 137,412 |
| Realized investment gains | 25,035 | 3,597 |
| Total income | $ 6,520,332 | $ 5,971,903 |
| Benefits and expenses: | | |
| Life and accident & health benefits | 1,994,439 | 1,687,014 |
| Property & casualty loss and loss expenses | 834,415 | 441,988 |
| Amortization of deferred policy acquisition costs | 2,221,895 | 2,047,647 |
| Commissions (non-deferred) | 660,833 | 867,206 |
| Other expenses | 944,302 | 819,093 |
| Total benefits and expenses | $ 6,655,884 | $ 5,862,948 |
| Earnings/(Loss) before income taxes | $ (135,552) | $ 108,955 |
| Income taxes/(benefit) | (3,004) | 20,681 |
| Net earnings/(loss) | $ (132,548) | $ 88,274 |
| Earnings/(Loss) per share of common stock: | | |
| Net earnings/(loss) | $ (0.07) | 0.05 |
| Cash dividends per share | $ 0.000 | 0.060 |
| Common shares used to compute | 1,898,251 | 1,897,738 |

See accompanying note to Consolidated Condensed Financial Statements.

CNL FINANCIAL CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Cash flows
(Unaudited)

| | THREE MONTHS ENDED MARCH 31, | |
|---|---|---|
| | 1992 | 1991 |
| Cash flows from operating activities: | | |
| Net earnings | $ (132,548) | $ 88,274 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Increase/(Decrease) in policy liabilities and accruals | 188,434 | (832,199) |
| Decrease in deferred policy acquisition costs | 106,692 | 177,492 |
| Other, net | 747,760 | 407,904 |
| Net cash provided/(used) by operating activities | $ 910,338 | $ (158,529) |
| Cash flows from investing activities: | | |
| Cost of investments acquired | $ (1,996,693) | $ (570,579) |
| Investments sold or matured | 1,159,393 | 945,176 |
| Purchases of Property and Equipment | (170,184) | (263,850) |
| Net cash provided/(used) by investing activities | $ (1,007,484) | $ 110,747 |
| Cash flows from financing activities: | | |
| Dividends paid to stockholders | $ 0 | $ (113,864) |
| Sale of treasury stock | 180 | 0 |
| Net cash provided/(used) by financing activities | $ 180 | $ (113,864) |
| Net decrease in cash | (96,966) | (161,646) |
| Cash at beginning of period | 2,023,644 | 1,886,327 |
| Cash at end of period | $ 1,926,678 | $ 1,724,681 |

See accompanying note to Consolidated Condensed Financial Statements.

CNL FINANCIAL CORPORATION AND SUBSIDIARIES
Note to Consolidated Condensed Financial Statements
(Unaudited)

1. In the opinion of Management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (none of which were other than normal recurring accruals) necessary to present fairly the consolidated condensed financial position of CNL Financial Corporation and subsidiaries as of March 31, 1992 and the consolidated condensed results of operations for the three month periods ended March 31, 1992 and 1991 and the consolidated condensed statement of cash flows for the three month periods ended March 31, 1992 and 1991. Results of operations for the interim periods are not necessarily indicative of results for the entire year.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

QUARTER ENDING MARCH 31, 1992 COMPARED TO QUARTER ENDING MARCH 31, 1991

RESULTS OF OPERATIONS

The Company's written premiums increased 17.1% for the first quarter of 1992 as compared to the same period of 1991. Net written premiums for credit life and accident and health increased 8.0% to $4,131,910, while the property and casualty premiums increased 34.1% to $1,878,591. The net written premiums for the private passenger automobile product, which are included in the property and casualty net written premiums, increased approximately $715,000 from the first quarter of 1991 to approximately $1,076,000 for the first quarter of 1992. The Company's earned premium increased 10.4%. This increase in earned premium is attributable to the increases in written premiums in prior years as these premiums are earned over the term of the contracts.

Net investment income decreased 16.0% for the first quarter of 1992 as compared to the same period of 1991. The majority of this approximate $63,000 decrease in net investment income is attributable to the drop in the interest rates on short-term certificates of deposit experienced in 1991 and 1992, and, to a lesser degree, a decrease in new cash available for investment due to the increased claims payments. Management expects net investment income to remain at this lower level in the second quarter of 1992 unless interest rates increase.

The Company experienced a net loss of $132,548 or $.07 per share for the first quarter of 1992 compared to a net gain of $88,274 or $.05 per share for the first quarter of 1991. The most significant factor contributing to this earnings decline is the continued high credit life and accident and health claims experience in Cherokee National Life. To a lesser degree, this earnings decline can be attributed to the credit life rate reduction mandated in Georgia effective October 1, 1990.

The ratio of life and accident and health benefits to earned premium increased from 38.7% for the first quarter of 1991 to 45.2% for the first quarter of 1992. This increase of 6.5% accounted for a decrease of approximately $283,000 in before tax net earnings. The ratio of credit life claims to earned premiums increased from 33.0% for the first quarter of 1991 to 36.6% for the first quarter of 1992. At the same time, the credit accident and health claims ratio increased almost 9% from 54.4% for the first three months of 1991 to 63.3% for the first three months of

1992. Management believes that this large increase in the credit accident and health loss ratio was primarily the result of the continuing economic recession which historically causes a decrease in the new accident and health policies written and an increase in the claims paid due to higher unemployment rates. Management expects some improvement in this ratio in the second quarter of 1992 with the predicted economic recovery and as a result of corrective measures implemented by management in 1991 and 1992.

The ratio of losses and loss expenses to property and casualty earned premiums increased from 41.2% for the first quarter of 1991 to 52.7% for the first quarter of 1992. This increase is due to the increase in the non-standard product which has a higher loss ratio than the credit property product.

The ratios of amortization of deferred acquisition costs to earned premiums remained stable from the first quarter of 1991 to the first quarter of 1992 at 37.7% for 1991 and 37.0% for 1992.

The ratio of commissions (non-deferred) to earned premiums was 11.0% in the first quarter of 1992 as compared to 16.0% for the same period of 1991. The decrease in this ratio is primarily the result of the decrease in experience rated commissions due to the increased loss ratios experienced by the Company.

Operating expenses increased $125,209 or 15.3% for the first quarter of 1992 as compared to the same period of 1991. This increase is primarily due to the increased personnel and administrative costs associated with the non-standard automobile product.

LIQUIDITY AND CAPITAL RESOURCES

There have not been any material changes in the financial condition of the Company. Cash to meet the Company's short-term and long-term needs is generated from premiums and investment income. The Company does not anticipate any difficulties in meeting its future cash requirements.

The Company is currently the defendant in a lawsuit as described in the Company's Form 10-K. If the Company lost the suit it would have a material adverse affect on the Company.

## PART II. OTHER INFORMATION

**Item 6. Exhibits and Reports on Form 8-K**

(b) Reports on Form 8-K

There were no reports on Form 8-K filed for the three months ended March 31, 1992.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CNL FINANCIAL CORPORATION
(Registrant)

DATE: May 14, 1992

B.W. BROWN, Secretary & Treasurer

DATE: May 14, 1992

E. DOYLE KELLY, Vice President